Income-Tax dues against Mehman Restaurant in Naraina, New Delhi

2464. SHRI BHAGATRAM MANHAR; Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Mehman Restaurant near Payal Cinema, Naraina, New Delhi have not filed income-tax returns for the last three years and thus have evaded several lakhs of rupees towards taxes;

(b) whether it is also a fact that the proprietors of this Restaurant have diverted a large amount of other companies owned by them which are dealing in cloth having offices in the name of M/s. Harmanjit Singh and Company, 614792, Chandni Chowk, Delhi;

(c) if so, whether any enquiry has been conducted and if not, what are the reasons therefor; and

(d) what action Government propose to take against the above companies to recover the taxes?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) to (d) As per the partnership deed filed with the Income-tax Department, the firm M/s. Mehman Restaurant, New Delhi came into existence only on 2-9-1987, Books of account of the firm were closed for the first time on 31.3.1988. The return of income for the assessment year 1988-69 has been filed on 27-7-1988. The case has been selected for selective scrutiny and the fact whether the firm have evaded taxes or whether the proprietors of this Restaurant have diverted a large amount to other companies owned by them will come to light only during the course of assessment proceedings.

Loans for Rehabilitation of prostitutes

2465. DR. YELAMANCHILI SHIVAJI: Will the Minister of FINANCE be pleased to state:

(a) whether any public sector bank-has advanced loans to prostitutes at concessional rates in a bid to rehabilitate them;

(b) if so, what are the details thereof; and

(c) whether there is any proposal to extend such facilities in all parts of the country?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO); (a) and (b) Reserve Bank of India has reported that its date reporting system does not generate information in the manner asked for.

(c) Does not arise.

Rate of interest charged on projects in the food processing industry sector

2466. SHRI K. V. THANGKABALU: Will the Minister of FINANCE be pleased to state;

(a) what is the rate of interest being charged on projects in the food processing industry sector on the domestic and foreign exchange term loans by ICICI and other financial institutions and whether Government propose to effect any change in these rates and bring them at par with the other sector; and

(b) what are the rate of interest being charged by the scheduled banks on working capital from the units in this priority industry?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) The Industrial Development Bank of llndia (IDBI) has reported that in respect of direct assistance, the rates of interest charged by financial institutions on rupee loans as well as foreign currency

loans to projects set up in Food Processing Industries are the same as applicable to other industries. The current normal rupee lending rate of institutions is 14 per cent per annum (except for soft drink projects where financial institutions have been charging additional interest of 1 per cent). Further as in the case of projects in other industries, rupee assistance is provided on concessional terms to Food Processing Industry for modernisation of existing units and for projects set up in specified backward areas. Interest is charged at 11.5 per cent on modernisation assistance upto Rs. 4 crores. In case of projects in Backward Areas, interest is charged at 12.5 per cent per annum upto Rs. 5 crores, 3 crores and Rs. 2 crores for projects set up in category (A), (B) and (C) backward areas respectively. Financial institutions are also operating an export incentive scheme allowing rebate of l|5th of interest payments (subject to a floor rate of 10 per cent) on rupee loans contracted on or after 1.12.1986 by industrial concerns whose export sales on F.O.B. value of own manufactured goods reach or exceed 25 per cent of their total net sales hi the year. The facility under this scheme is also available to loans sanctioned to projects in Food Processing Industries.

(b) The Reserve Bank of India (RBI) has reported that Small Scale Units in the Food Processing Industry engaged in processing or preservation of food are classified as "priority" sector for the purpose of advances made by schedued commercial banks and charged rates of interest as given in the Statement.

Statement

The rates of Interest charged by Commercial Banks on their advances to "Priority Sector"

(per cent per annum)

1. Composite loans upto Rs. 25,000/	
2. Short-term advances with limits	
(6) Over Rs. 2 lakhs and upto Rs. 25 lakhs	14.00 to 15.50
3. Advances to state-level corporations for assisting artisans, village and cottage industries (for the purpose of purchase and supply of inputs to and/or the marketing of the output of the beneficiaries) . .	12-50
4. Advances to state-sponsored scheduled castes/scheduled tribes development corporations (for the purpose of purchase and supply of inputs to and/or the marketing of the output of the beneficiaries)	12.50
5. Term loans*	
(a) Backward Areas.....	12.50**

•Term loans mean a loan repayable within a period of not less than 3 years.

••Applicable to new units set up in backward areas. For expansion/diversification existing small scale units the rate of 13.50% is applicable.